Margaret P. Grafeld Declassified/Released US Department of State EO Systematic Review 04 MAY 2006

Message Text

UNCLASSIFIED

PAGE 01 CARACA 10382 272321Z

14
ACTION EB-07

INFO OCT-01 ARA-10 ISO-00 AID-05 CIAE-00 COME-00 FRB-01

INR-07 NSAE-00 USIA-15 TRSE-00 XMB-04 OPIC-06 SP-02

CIEP-02 LAB-04 SIL-01 OMB-01 NSC-05 SS-15 STR-04

CEA-01 ITC-01 /092 W
---------- 023790
R 271947Z AUG 76
FM AMEMBASSY CARACAS
TO SECSTATE WASHDC 4534
INFO USDOC WASHDC

UNCLAS CARACAS 10382

E.O. 11652: N/A
TAGS: EFIN, BTRA, BEXP, BENC, VE
SUBJECT: GOV STUDIES POSSIBILITY OF IMPOSING IMPORT
RESTRICTIONS.

1. EL NACIONAL, AUGUST 25, REPORTS THAT GOV IS NOW STUDYING A SERIES OF MEASURES TO RESTRICT THE EXTREMELY HIGH VOLUME OF IMPORTS INTO VENEZUELA. MEASURES UNDER STUDY INCLUDE CREDIT RESTRICTIONS AND A "BUY VENEZUELAN" DECREE, ACCORDING TO THE REPORT.

2. ARTICLE PRESENTS STATISTICS FROM MINISTRY OF DEVELOPMENT THAT SHOW RATE OF INCREASE IN IMPORTS RISING FROM 18 PERCENT BETWEEN 1971 AND 1972 TO 48 PERCENT BETWEEN 1973 AND 1974. PROVISIONAL STATISTICS FOR 1975 INDICATE AN INCREASE OF 34 PERCENT OVER PREVIOUS YEAR. FIGURES ALSO SHOW THAT U.S. INCREASED SHARE OF MARKET FROM 44.3 PERCENT IN 1971 TO 49.1 PERCENT IN 1975 (JAN-JUNE ONLY.)

3. ADDITIONALLY, ARTICLE CITES CEPAL STATISTICS GIVING VENEZUELA HIGHEST IMPORT COEFFICIENT IN LATIN AMERICA: $381 PER CAPITA; FOLLOWED BY PERU, $146; ECUADOR, $137; BRAZIL, $126; MEXICO, $110; BOLIVIA,
UNCLASSIFIED

UNCLASSIFIED

PAGE 02 CARACA 10382 272321Z

$87; AND COLOMBIA, $75.

Margaret P. Grafeld Declassified/Released US Department of State EO Systematic Review 04 MAY 2006

Margaret P. Grafeld Declassified/Released US Department of State EO Systematic Review 04 MAY 2006

4. MINISTRY OF TREASURY BREAKS DOWN 1974 IMPORTS AS FOLLOWS: PRIMARY MATERIALS, 32.6 PERCENT; MACHINERY AND ACCESSORIES, 28.2 PERCENT; TRANSPORT, 15 PERCENT; CONSTRUCTION, 2.8 PERCENT; FINISHED FOOD PRODUCTS, 3.3 PERCENT; AND ALCOHOLIC BEVERAGES AND OTHER LUXURY AND CONSUMER GOODS, 18.1 PERCENT.

5. IN SEPARATE ARTICLE (UNIVERSAL AUGUST 26), VENEZUELAN CENTRAL BANK REPORT ESTIMATES TOTAL CIF COST OF IMPORTED GOODS AND SERVICES FOR 1976 WILL SURPASS US $7 BILLION. ($6,463 BILLION FOB PLUS $557 MILLION FRIEHGT AND INSURANCE.) PLAN V ESTIMATES VENEZUELAN IMPORTS AT $6.131 BILLION FOR 1976, INCREASING BY 10.2 PERCENT TO $6.756 BILLION IN 1977. PLAN V PROJECTS IMPORTS OF $33.40 BILLION FOR TOTAL FIVE YEAR PERIOD.

6. COMMENT: NO ADDITIONAL INFORMATION IS IMMEDIATELY AVAILABLE ON THE TYPES OF MEASURES THAT ARE BEING CONSIDERED BY THE GOVERNMENT BUREAUS AND AGENCIES NOW STUDYING THE PROBLEM. HOWEVER, BOTH REPORTS REFLECT GROWING CONCERN THAT IMPORTS ARE RISING TOO RAPIDLY, AND THAT FOREIGN EXCHANGE IS BEING WASTED THROUGH MISDIRECTED PURCHASES. BREAKDOWN OF IMPORTS INDICATES THAT AT LEAST $1 IN 5 IS BEING SPENT ON "NON-ESSENTIAL" ITEMS. IF GOV MOVES TO CONSERVE ITS FOREIGN CURRENCY RESERVES FOR DEVELOPMENT PROGRAM SPENDING, FIRST RESTRICTIONS ARE LIKELY TO HIT CONSUMER GOODS AND SERVICES. IT MAY BE NOTED, HOWEVER, THAT WHILE ASSURANCES ARE NOW BEING GIVEN THAT PRIMARY AND INTERMEDIATE GOODS AND SERVICES WILL NOT BE AFFECTED, ONE LOCAL MANUFACTURER OF STEEL PRODUCTS AND EQUIPMENT HAS ALREADY PUBLISHED HALF-PAGE ARTICLE IN A LOCAL NEWSPAPER, CALLING FOR MORE GOV PURCHASES OF CAPITAL GOODS FROM LOCAL SUPPLIERS, IN ORDER TO FORCE TRANSFER OF TECHNOLOGY AND ENCOURAGE WIDER RANGE OF LOCAL PRODUCTION. IF GOV CONTINUES TO BE PRE-OCCUPIED WITH RISING IMPORT LEVELS, SUCH LOCAL PRODUCERS ARE UNLIKELY TO MISS OPPORTUNITY FOR SPECIAL PLEADING IN THIS AND OTHER AREAS.
VAKY
UNCLASSIFIED

UNCLASSIFIED

PAGE 03 CARACA 10382 272321Z

UNCLASSIFIED

NNN

Margaret P. Grafeld Declassified/Released US Department of State EO Systematic Review 04 MAY 2006

Margaret P. Grafeld Declassified/Released US Department of State EO Systematic Review 04 MAY 2006

Margaret P. Grafeld Declassified/Released US Department of State EO Systematic Review 04 MAY 2006

Message Attributes

Automatic Decaptioning: X
Capture Date: 01 JAN 1994
Channel Indicators: n/a
Current Classification: UNCLASSIFIED
Concepts: PRESS COMMENTS, REPORTS, IMPORTS, TRADE CONTROLS
Control Number: n/a
Copy: SINGLE
Draft Date: 27 AUG 1976
Decaption Date: 01 JAN 1960
Decaption Note:
Disposition Action: n/a
Disposition Approved on Date:
Disposition Authority: n/a
Disposition Case Number: n/a
Disposition Comment:
Disposition Date: 01 JAN 1960
Disposition Event:
Disposition History: n/a
Disposition Reason:
Disposition Remarks:
Document Number: 1976CARACA10382
Document Source: CORE
Document Unique ID: 00
Drafter: n/a
Enclosure: n/a
Executive Order: N/A
Errors: N/A
Film Number: D760328-0858
From: CARACAS
Handling Restrictions: n/a
Image Path:
ISecure: 1
Legacy Key: link1976/newtext/t19760814/aaaaalgs.tel
Line Count: 107
Locator: TEXT ON-LINE, ON MICROFILM
Office: ACTION EB
Original Classification: UNCLASSIFIED
Original Handling Restrictions: n/a
Original Previous Classification: n/a
Original Previous Handling Restrictions: n/a
Page Count: 2
Previous Channel Indicators: n/a
Previous Classification: n/a
Previous Handling Restrictions: n/a
Reference: n/a
Review Action: RELEASED, APPROVED
Review Authority: morandr
Review Comment: n/a
Review Content Flags:
Review Date: 24 MAR 2004
Review Event:
Review Exemptions: n/a
Review History: RELEASED <24 MAR 2004 by ReddocGW>; APPROVED <28 JAN 2005 by morandr>
Review Markings:

Margaret P. Grafeld
Declassified/Released
US Department of State
EO Systematic Review
04 MAY 2006

Review Media Identifier:
Review Referrals: n/a
Review Release Date: n/a
Review Release Event: n/a
Review Transfer Date:
Review Withdrawn Fields: n/a
Secure: OPEN
Status: NATIVE
Subject: GOV STUDIES POSSIBILITY OF IMPOSING IMPORT RESTRICTIONS.
TAGS: EFIN, BTRA, BEXP, BENC, VE
To: STATE
Type: TE
Markings: Margaret P. Grafeld Declassified/Released US Department of State EO Systematic Review 04 MAY 2006